

**Rural County Representatives of California
Executive Committee Meeting
1215 K Street, Suite 1650 Board Room
Sacramento, CA 95814
(916) 447-4806**

May 7, 2014 – 10:00 a.m.

Executive Committee Members:

Supervisor Nate Beason, Nevada County
Supervisor Lee Adams, Sierra County
Supervisor John Viegas, Glenn County
Supervisor Kevin Cann, Mariposa County

Supervisor Bob Williams, Tehama County
Supervisor Geri Byrne, Modoc County
Supervisor Diane Dillon, Napa County
Supervisor Randy Hanvelt, Tuolumne County
Supervisor David Rogers, Madera County

Minutes

Call to Order and Determination of Quorum

Chair, Supervisor Nate Beason, Nevada County, called the meeting of the Executive Committee to order at 10:01 a.m. A quorum was determined at that time; those present were as follows:

| <u>Supervisors in Attendance</u> | <u>County</u> |
|-----------------------------------------|----------------------|
| John Viegas | Glenn |
| David Rogers | Madera |
| Geri Byrne | Modoc |
| Nate Beason | Nevada |
| Lee Adams | Sierra |
| Randy Hanvelt | Tuolumne |

Absent Members

| | |
|--------------|----------|
| Kevin Cann | Mariposa |
| Diane Dillon | Napa |
| Bob Williams | Tehama |

Staff in Attendance

Greg Norton, President and CEO
Patricia Megason, Executive Vice President
Craig Ferguson, Vice President
Lisa McCargar, Chief Financial Officer
Paul Smith, Senior Legislative Advocate
Kathy Mannion, Legislative Advocate
Cyndi Hillery, Legislative Advocate
Sarah Bolnik, Office Manager
Justin Caporusso, Public Affairs Specialist
Sanjay Lee, Accountant

Others in Attendance

Shannon Avrett, Moss Adams
Derek Criswell, Moss Adams

Approval of Minutes of the February 19, 2014 Meeting

(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)

Supervisor David Rogers, Madera County, motioned to approve the minutes of the February 19, 2014 Executive Committee Meeting. Supervisor Randy Hanvelt, Tuolumne County, seconded the motion. Motion passed.

2013 Audited Financial Statements

Greg Norton, President and CEO, introduced Shannon Avrett and Derek Criswell, from RCRC's auditing firm Moss Adams. The team from Moss Adams provided the Executive Committee with an overview of their audit procedures. Ms. Avrett provided an overview of the financial statements for RCRC, CHF and NHF noting that all three entities received an unqualified "clean" opinion and there were no significant matters identified and no audit adjustments were proposed.

RCRC Staff Recommendation:

Staff recommends that the Executive Committee, acting in their function as the Audit Committee, review and approve the 2013 audited financial statements and information letter as presented for presentation to and adoption by the RCRC Board of Directors.

Supervisor David Rogers, Madera County, motioned to approve the staff recommendations. Supervisor Randy Hanvelt, Tuolumne County, seconded the motion. Motion unanimously passed.

CHF Staff Recommendation:

Staff recommends that the Executive Committee, acting in their function as the Audit Committee, review and approve the 2013 audited financial statements and information letter as presented and direct the CHF Executive Director to present them to the CHF Board of Directors for adoption.

Supervisor David Rogers, Madera County, motioned to approve the staff recommendations. Supervisor Geri Byrne, Modoc County, seconded the motion. Motion unanimously passed.

NHF Staff Recommendation:

Staff recommends that the Executive Committee, acting in their function as the Audit Committee, review and approve the 2013 audited financial statements and information letter as presented and direct the NHF President to present them to the NHF Board of Directors for adoption.

Supervisor Randy Hanvelt, Tuolumne County, motioned to approve the staff recommendations. Supervisor David Rogers, Madera County, seconded the motion. Motion unanimously passed.

Member County Concerns

Supervisor Randy Hanvelt, Tuolumne County, informed the Executive Committee of the water emergency in Tuolumne County. It is very likely that the county will not make it through the summer months without support.

Supervisor Hanvelt also discussed the Rim Fire. EIS will continue as scheduled. 25% of the burned area - 30,000 acres - will undergo salvage removal. This will affect all counties as the U.S. Forest Service may need to suspend or revise practices in other areas of the state in order to support this removal project.

Supervisor Geri Byrne, Modoc County, discussed an issue with the Sheriff of Modoc County who has proclaimed that only he has the power to make arrests in the County.

Supervisor David Rogers, Madera County, conveyed his strong opposition to utilizing cap-and-trade revenues for High Speed Rail.

Public Comment

None

Governmental Affairs Update

Patricia Megason, Executive Vice President, reminded the Executive Committee that the policy deadline for legislation to gain passage in its first policy committee is this Friday. The May Revise is slated to be released next week. RCRC staff will provide a summary later in the day for RCRC members to review.

Cyndi Hillery, Legislative Advocate, reported on Senate Bill 1270 (Pavley) in regards to surface mines. Supervisor Lee Adams, Sierra County, represented RCRC at the Senate Natural Resources and Water Committee hearing in late April. Ms. Hillery reported that while the committee did pass the bill, they still have many concerns about a variety of amendments. Senator Pavley expressed a strong interest in amending the bill to the point that counties can drop their opposition.

Kathy Mannion, Legislative Advocate, reported on Senate Bill 1410 (Wolk/Nielson) relating to the state's Payment in Lieu of Taxes program (PILT). The bill is currently on the Senate Appropriations Suspense File. Ms. Mannion also described efforts currently underway to secure PILT funding through the State Budget process. At the Senate Budget Subcommittee hearing, the Department of Fish & Wildlife was asked to return with updated numbers as to the monies owed to counties and the item was "held open". Efforts are underway to secure a hearing in the Assembly Budget Subcommittee that handles this issue area. Ms. Mannion also reported on the Assembly Budget Subcommittee hearing on the Williamson Act. The President of the Farm Bureau was there to testify, along with a long line of supporters. The discussion of the Subcommittee members was positive, and the tone was not if it should be funded, but at what level it should be funded. Efforts are

underway to secure a hearing in the Senate Budget Subcommittee that handles this issue area.

Paul A. Smith, Senior Legislative Advocate, reported on two medical marijuana legislative measures. Assembly Bill 1894 (Ammiano) recently gained passage in the Assembly Public Safety Committee. RCRC is currently working on amendments to the bill to conform to the recently-adopted RCRC policy principles. Mr. Smith also discussed Senate Bill 1262 (Correa) which takes a different approach to regulating medical marijuana. When heard in the Senate Health Committee last week, the bill was drastically amended, including the removal of provisions which RCRC objected to. RCRC is going to give the proposed amendments to AB 1894 to Senator Correa's staff as well.

Mr. Smith discussed Senate Bill 1219 (Torres) regarding retired annuitants being elected to county positions. Both RCRC and CSAC are hoping to convince the Governor to support this much-needed change.

Quarterly Budget and Investment Reports CHF, NHF and RCRC

Greg Norton presented the Quarterly Investment & Budget Reports and the Cash and Securities Asset Report for the First Quarter of 2014 (period ending March 31, 2014) for RCRC, CHF and NHF.

2014 Service Agreements and Budget Amendments

Greg Norton presented the Executive Committee with an overview of the service Agreements with RCRC affiliate entities. Following staff consideration and consultation with legal counsel, staff is recommending the agreement with CHF include a performance fee to RCRC based solely on program success. Mr. Norton explained in detail the performance fee calculations.

Staff also reviewed the CHF/NHF agreement with legal counsel. It is proposed that the CHF/NHF management fee increase by 5 basis points to NHF for program management of the CHF Mortgage Backed Securities program. With the proposed increase, the fee would still be lower than most companies charge for such services.

Upon approval, the applicable agreements would be amended as necessary.

Staff Recommendation:

Staff recommends that the Executive Committee approve the following for presentation to the applicable Board of Directors:

1. Direct staff to recommend an amendment to the 2014 RCRC budget to increase the revenue budget by a projected \$855,000 to reflect the Performance Fee from CHF.
2. Direct the CHF Executive Director to recommend to the CHF Board approval of the following amendments to the 2014 CHF budget:
 - a. Increase in the expenditure budget by a projected \$855,000 to reflect the Performance Fee to RCRC.
 - b. Increase in the expenditure budget by a projected \$157,500 to reflect the increase in the MBS program management fee to NHF.

3. Direct the NHF President to recommend to the NHF Board approval of an amendment to the 2014 NHF budget to increase the revenue budget by a projected \$157,500 to reflect the increase in the MBS program management fee from CHF.

Supervisor David Rogers, Madera County, motioned to approve the staff recommendations. Supervisor John Viegas, Glenn County, seconded the motion. Motion unanimously passed.

CHF Joint Powers Authority Agreement Revisions

Mr. Norton reported that he has been reviewing entity legal documents. Most recently the CHF Joint Powers Authority Agreement has been reviewed. The last time that this document has been amended was January 28, 2004. Mr. Norton explained the primary revisions: legal name change, and creation of a CHF Executive Committee. Mr. Norton also explained the agreement amendment approval process.

Staff Recommendation:

Staff recommends that the Executive Committee review the proposed amendments to the CHF Joint Powers Authority Agreement, provide feedback and direct the CHF Executive Director to present the proposed amendments to the CHF Board of Directors for approval and subsequent submission to the governing body of each Member.

Supervisor John Viegas, Glenn County, motioned to approve the staff recommendations. Supervisor Geri Byrne, Modoc County, seconded the motion. Motion unanimously passed

CHF/NHF Loan Update

Mr. Norton updated the Executive Committee with regard to implementation of the loan approved by each board from CHF to NHF to provide for short-term cash flow coverage.

Board of Directors Code of Conduct

Chair, Supervisor Nate Beason, Nevada County, discussed the Code of Conduct with the Executive Committee. Supervisor Beason passed out some suggested edits to the Code, and the Executive Committee discussed at length the benefits of having such a document in place. It was decided that the Committee members will be emailed the Code of Conduct so that they can provide their comments and edits prior to the next Executive Committee meeting on Wednesday, July 23, 2014.

County Visits Update

Greg Norton reported that since the last Executive Committee meeting, staff has made county visits to Tuolumne, Butte, and Nevada Counties. In the next few weeks, Kathy Mannion, Justin Caporusso, and Mr. Norton will be taking a trip to Tulare County as well.

Housing Update

Craig Ferguson, Vice President, provided a summary and update on the various housing programs.

Economic Development Update

Greg Norton reported on the status of Rural Alliance Inc. The first board meeting for RAI was held on March 20th. The Board consists of seven members including four RCRC members and three at-large members who specialize in specific areas pertaining to Economic Development. Mr. Norton also informed the Executive Committee that the RAI Bylaws have been revised.

President & CEO Goals and Objectives

Mr. Norton met with the Executive Committee to discuss progress on his goals and objectives to date.

Adjournment

Supervisor Nate Beason, Nevada County, adjourned the meeting of the Executive Committee at 1:42 P.M.